

# Swartland Municipality

## Adjustment Budget 2013/14 - 2015/16

### Adjusted Medium Term Revenue and Expenditure Framework



# Table of Contents

Table of Contents .....	2
Glossary .....	3
PART 1 - ANNUAL BUDGET .....	5
Section 1 - Mayor's Report .....	5
Section 2 - Budget Related Resolutions .....	11
Section 3 - Executive Summary .....	12
Section 4 - Adjustment budget tables.....	12
PART 2 - SUPPORTING DOCUMENTATION .....	26
Section 5 - Measurable performance objectives and indicators .....	26
Section 6 - Budget related policies .....	26
Section 7 - Overview of budget assumptions.....	26
Section 8 - Funding compliance .....	26
Section 9 - Overview of budget funding .....	26
Section 10 - Expenditure on allocations and grant programmes.....	29
Section 11 - Allocations and grants made by the Municipality .....	29
Section 12 - Councillor Allowances and employee benefits .....	29
Section 13 - Monthly targets for revenue, expenditure and cash flow .....	30
Section 14 - Adjustments to the quarterly service delivery and budget implementation plans - internal departments .....	30
Section 15 - Annual budgets and service delivery agreements - municipal entities and other external mechanisms.....	30
Section 16 - Contracts having future budgetary implications .....	30
Section 17 - Capital expenditure details .....	30
Section 18 - Municipal Manager's quality certification.....	31

# Glossary

**Adjustments Budget** - Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

**Allocations** - Money received from Provincial or National Government or other municipalities.

**Budget** - The financial plan of the Municipality.

**Budget Related Policy** - Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

**Capital Expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

**Cash flow statement** - A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**DORA** - Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

**Equitable Share** - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

**Fruitless and wasteful expenditure** - Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GFS** - Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

**GRAP** - Generally Recognised Accounting Practice. The new standard for municipal accounting.

**IDP** - Integrated Development Plan. The main strategic planning document of the Municipality

**KPI's** - Key Performance Indicators. Measures of service output and/or outcome.

**MFMA** - The Municipal Finance Management Act - No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

**MTREF** - Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

**Net Assets** - Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

**Operating Expenditure** - Spending on the day to day expenses of the Municipality such as salaries and wages.

**Rates** - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

**SDBIP** - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**Strategic Objectives** - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Unauthorised expenditure** - Generally, spending without, or in excess of, an approved budget.

**Virement** - A transfer of budget.

**Vote** - One of the main segments of a budget. In Swartland Municipality this means at function level.

# **PART 1 - ANNUAL BUDGET**

## **Section 1 - Mayor's Report**

In accordance with section 28 of the Municipal Finance Management Act, No 56 of 2003 (MFMA) a municipality must revise its approved annual budget through an adjustments budget, in the following circumstances:

- (i) To appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for.
- (ii) To authorise the utilisation of projected savings in one vote towards spending under another vote.
- (iii) To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council.
- (iv) To correct any errors in the annual budget.

In line with the MFMA, the 2013/14 approved Budget has now been adjusted.

The main adjustments proposed in this adjustment budget are:

### **Operating Budget**

- 1) Employee Related Costs increased by R1 781 567. The increase can mainly be attributed to more accurate figures being available for Allowances and Overtime. Items affected includes the Standby Allowance, Overtime Emergency Services, Overtime Fixed Allowances and Overtime Special Projects.
- 1) Impairment of Assets increased by R721 750. This increase is based on historical trends and actual figures contained in the audited figures for 2012/2013.
- 2) Repairs and maintenance increased by R402 378. This increase could mainly be attributed to the revision of costs at the dumping site amounting to R385 855. (More detail in Annexure E)

- 3) Departmental charges increased by R1 900 418 with Electricity alone increasing by R1 404 132. This is due to the fact that the usage at the Malmesbury Sewerage Works was not fully budgeted for in the original budget.
- 4) General expenses increased by R14 735 931, mainly due to an increase in grant funding from The Provincial Department of Human Settlements amounting to R15 533 233. The grant funding is utilised to erect Housing Top Structures (More detail in Annexure B)
- 5) Sundries decreased with R2 049 658. This decrease was required to partially compensate for the increases described in 1) to 4) above.. (More detail in Annexure B)

The net effect from these adjustments is that the projected deficit for the year is estimated to be R 4 373 035. This deficit will be financed from prior year surpluses. We should however be mindful of the fact that this deficit also includes the effect of non-cash items such as depreciation.

### **Capital Budget**

The main changes to the capital budget are as follows:

- 1) An increase in planned expenditure by R 8 million. This increase is mainly due to the following adjustments:
  - a. An increase in planned expenditure relating to the Upgrading of Riebeek Kasteel Waste Water Treatment works in the municipal area (R 3.075 million), for which the municipality received a donation of R 2 million from PPC.
  - b. A decrease in the ECD Facility amounting to R 3 million. This decrease is mainly attributable to the building of the facility being moved to the next financial year (2014/15).
  - c. An increase in planned expenditure relating to the Abbotsdale Low Cost housing of R 5.574 million. It is as a result of it being unspent in 2012/13 and therefore rolled over.
  - d. An increase in other sundry projects amounting to R2 049 658. Full details of all projects are included in the capital budget.
- 2) The following adjustments to the sources of financing are also proposed
  - a. An increase in funding from grant and other providers - R4.679 million

- b. An increase in funding from internally generated funds (accumulated cash reserves) - R 3.371 million.

The revised forecasted expenditure can be summarised as follows: (R'000)

TYPE	2013/2014 Original	2013/2014 Adjustment	2014/2015	2015/2016
Operating	470 108	484 411	493 790	537 065
Capital	83 480	91 531	64 828	52 511
<b>TOTAL</b>	<b>553 588</b>	<b>575 942</b>	<b>558 618</b>	<b>589 576</b>

### **Funding and Cashflows**

The expected Cash flows for the MTREF period are as follows: (R'000)

Source	2013/2014 Original	2013/2014 Adjusted	2014/2015	2015/2016
Generated Operating inflows	31 358	26 081	29 130	23 598
Capital Grants inflows	42 868	45 101	24 931	21 273
Net Financing outflows	(5 301)	(5 326)	(3 752)	(4 094)
<b>Net cash inflows</b>	<b>68 925</b>	<b>65 856</b>	<b>50 309</b>	<b>40 777</b>
Outflows - Investment in Assets	(83 480)	(91 531)	(64 828)	(52 511)
<b>Net inflows / (outflows)</b>	<b>(14 555)</b>	<b>(25 675)</b>	<b>(14 519)</b>	<b>(11 734)</b>

As can be seen from the above the municipality's cash resources will decline by R 51.928 million over the MTREF period. This continuous decline in the municipality's cash position remains a concern and is mainly

attributable to the amount of investment in assets from own cash resources rather than external funding sources. However, we believe that the benefits of increased service delivery will exceed the investment costs over the MTREF but we will monitor our cash position continuously in order to ensure a strong financial entity.

#### **Unforeseen and unavoidable expenditure**

There was no unforeseen expenditure approved by the Mayor and incorporated into this adjustment budget since the original approved budget.

#### **Changes to allocations and grant adjustments**

Changes to allocations and grant adjustments are incorporated in supporting tables SB7 and SB8.

The adjustments could be summarised as follows:



Description	Budget Year 2013/14		
	Original Budget	Total Adjusts.	Adjusted Budget
<b>RECEIPTS:</b>			
<b>Operating Transfers and Grants</b>			
<b>National Government:</b>	<b>35 696</b>	<b>–</b>	<b>35 696</b>
Local Government Equitable Share	32 506	–	32 506
Municipal Systems Improvement	890	–	890
Finance Management	1 300	–	1 300
EPWP Incentive	1 000	–	1 000
		–	–
Other transfers and grants [insert description]		–	–
<b>Provincial Government:</b>	<b>17 933</b>	<b>15 789</b>	<b>33 722</b>
Community Development: Workers	28	–	28
Housing	12 750	15 533	28 283
Libraries	4 759	–	4 759
Proclaimed Roads Subsidy	178	–	178
Housing Consumer Education Grant	–	–	–
Financial Management Support Grant	–	200	200
Performance Management	–	56	56
Ilinge Lethu Centre	218	–	218
<b>District Municipality:</b>	<b>–</b>	<b>–</b>	<b>–</b>
[insert description]		–	–
		–	–
<b>Other grant providers:</b>	<b>–</b>	<b>50</b>	<b>50</b>
Cleanest Town	–	50	50
Vuna Awards	–	–	–
<b>Total Operating Transfers and Grants</b>	<b>53 629</b>	<b>15 839</b>	<b>69 468</b>

<b>Capital Transfers and Grants</b>			
<b>National Government:</b>	<b>22 395</b>	<b>–</b>	<b>22 395</b>
Municipal Infrastructure Grant (MIG)	17 395	–	17 395
Department of Water	–	–	–
Energy Efficiency and Demand Side Management Grant	5 000	–	5 000
Other capital transfers [insert description]		–	–
<b>Provincial Government:</b>	<b>19 623</b>	<b>2 574</b>	<b>22 197</b>
PAWK	–	–	–
Human Settlements	18 760	2 574	21 334
PAWK: Sport and Recreation	–	–	–
Libraries	355	–	355
Pedestrian Pathways: Darling (Phase 2)	508	–	508
[insert description]		–	–
<b>District Municipality:</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>Water: Pump Station Moorresburg</i>		–	–
		–	–
<b>Other grant providers:</b>	<b>850</b>	<b>(341)</b>	<b>509</b>
<i>Lotto</i>	850	(341)	509
<i>Illinge Lethu Gym (Fanie Malherbe)</i>	–	–	–
<b>Total Capital Transfers and Grants</b>	<b>42 868</b>	<b>2 233</b>	<b>45 101</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>96 497</b>	<b>18 072</b>	<b>114 569</b>

### **Recommendations**

It is recommended:

- 1) That the Council considers this report and adopts the resolutions in Section 2 of this report; and
- 2) That the Council adopts the resolutions in Section 2 of this report.

## Section 2 - Budget Related Resolutions

Swartland Municipality

MTREF 2013/2014

These are the resolutions that must be approved by Council with the final adoption of the adjustments budget:

RESOLVED:

[a]. That the adjustments budget, inclusive of changes in terms of section 28(2) of the MFMA, of Swartland Municipality for the financial year 2013/2014; and indicative for the two projected years 2014/15 and 2015/16, as set-out in the schedules contained in Section 4, be approved:

- 1.1 Table B1: Budget Summary
- 1.2 Table B2: Budgeted Financial Performance (expenditure by standard classification)
- 1.3 Table B3: Budgeted Financial Performance (expenditure by municipal vote)
- 1.4 Table B4: Budgeted Financial Performance (revenue by source)
- 1.5 Table B5: Budgeted Capital Expenditure for both multi-year and single year by vote, standard classification and funding.
- 1.6 Table B6: Budgeted Financial Position
- 1.7 Table B7: Budgeted Cash Flow
- 1.8 Table B8: Cash backed reserves/Accumulated surplus reconciliation
- 1.9 Table B9: Asset Management
- 1.10 Table B10: Basic service delivery measurement

[b]. That the amended performance objectives as contained in the SDBIP be approved.

[c]. That it be noted that there are no changes to any budget related policies.

## Section 3 - Executive Summary

### Introduction

This MTREF 2013 - 2014 adjustments budget is prepared on a multi-year basis, in line with the MFMA Municipal Budget and Reporting Regulations.

### Effect of the adjustment budget

A key consideration for the compilation of the adjustments budget was long term financial sustainability and especially stabilising the cash flow position, while also ensuring continued service delivery and improved service delivery.

All major adjustments made to the original budget are included in the Mayor's report.

The new projected forecasts for the MTREF are as follows:

### OPERATING BUDGET

Type (R'000)	2013/2014	2014/2015	2015/2016
Revenue	480 038	460 056	490 211
Expenditure	484 411	493 710	537 065
<b>Surplus/(Deficit)</b>	<b>(4 373)</b>	<b>(33 654)</b>	<b>(46 854)</b>
Less: Capital Grants	(45 547)	(24 931)	(21 273)
<b>Surplus/(Deficit) excluding capital expenditure</b>	<b>(49 920)</b>	<b>(58 585)</b>	<b>(65 127)</b>

## CAPITAL BUDGET

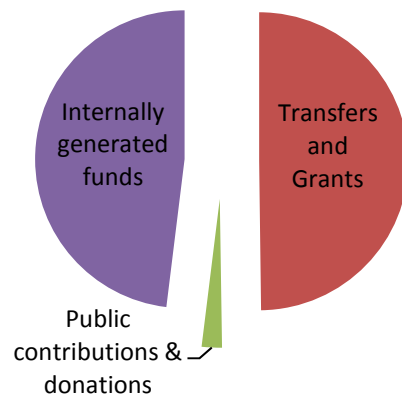
Objective	2013/2014	2014/2015	2015/2016
Governance and Admin	4 431	1 951	1 645
Community and Safety Services	7 519	1 626	3 385
Economic Services	20 535	9 621	25 201
Trading Services	59 046	51 630	22 279
<b>Total</b>	<b>91 531</b>	<b>64 828</b>	<b>52 511</b>

The projected funding of the capital budget is as follows: (R 000)

Funding Source	2013/2014	2014/2015	2015/2016
National Government	22 395	24 931	21 273
Provincial Government	22 197	-	-
Other Grant Providers	955	-	-
Loans	-	10 024	2 368
Own Funds	43 983	29 873	28 870
<b>Total</b>	<b>91 531</b>	<b>64 828</b>	<b>52 511</b>

The reliance on internally generated funding remains high in 2013/2014 and is clearly depicted in the following chart. Council is continuously exploring avenues to enhance own resources.

## Capital Funding 2013/2014



A summary of the revised budget is included in Section 4 of this report.

## Section 4 - Adjustment budget tables

The Budget tables are:

Table B1 - Adjustments Budget Summary

Description	Budget Year 2013/14			Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	G	H		
<b>Financial Performance</b>					
Property rates	69 020	0	69 020	73 368	78 183
Service charges	255 968	(1 900)	254 068	273 072	289 274
Investment revenue	10 820	–	10 820	9 894	8 900
Transfers recognised - operational	53 629	16 409	70 038	52 196	65 164
Other own revenue	25 770	–	25 770	26 595	27 417
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>415 207</b>	<b>14 508</b>	<b>429 715</b>	<b>435 125</b>	<b>468 938</b>
Employee costs	127 499	2 094	129 593	138 559	149 673
Remuneration of councillors	7 839	(312)	7 526	8 327	8 896
Depreciation & asset impairment	74 104	722	74 826	76 189	79 278
Finance charges	15 096	–	15 096	14 633	14 287
Materials and bulk purchases	150 625	–	150 625	163 105	176 627
Transfers and grants	2 083	–	2 083	2 083	2 115
Other expenditure	92 862	11 799	104 661	90 814	106 189
<b>Total Expenditure</b>	<b>470 108</b>	<b>14 302</b>	<b>484 411</b>	<b>493 710</b>	<b>537 065</b>
<b>Surplus/(Deficit)</b>	<b>(54 901)</b>	<b>206</b>	<b>(54 695)</b>	<b>(58 585)</b>	<b>(68 127)</b>
Transfers recognised - capital	42 868	2 679	45 547	24 931	21 273
Contributions recognised - capital & contributed	–	4 775	4 775	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(12 033)</b>	<b>7 660</b>	<b>(4 373)</b>	<b>(33 654)</b>	<b>(46 854)</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>(12 033)</b>	<b>7 660</b>	<b>(4 373)</b>	<b>(33 654)</b>	<b>(46 854)</b>
<b>Capital expenditure &amp; funds sources</b>					
<b>Capital expenditure</b>	<b>83 480</b>	<b>8 051</b>	<b>91 531</b>	<b>64 828</b>	<b>52 511</b>
Transfers recognised - capital	42 868	2 679	45 547	24 931	21 273
Public contributions & donations	–	2 000	2 000	–	–
Borrowing	8 949	(8 949)	–	10 024	2 368
Internally generated funds	31 663	12 320	43 983	29 873	28 870
<b>Total sources of capital funds</b>	<b>83 480</b>	<b>8 051</b>	<b>91 531</b>	<b>64 828</b>	<b>52 511</b>
<b>Financial position</b>					
Total current assets	218 544	29 503	248 047	235 883	226 523
Total non current assets	1 786 784	10 388	1 797 173	1 780 261	1 747 668
Total current liabilities	68 319	(1 772)	66 548	71 110	76 047
Total non current liabilities	174 806	11 482	186 287	186 305	186 269
<b>Community wealth/Equity</b>	<b>1 762 203</b>	<b>30 181</b>	<b>1 792 384</b>	<b>1 758 730</b>	<b>1 711 875</b>
<b>Cash flows</b>					
Net cash from (used) operating	73 530	(2 888)	70 641	53 333	44 107
Net cash from (used) investing	(83 256)	(8 050)	(91 306)	(64 604)	(52 287)
Net cash from (used) financing	(4 829)	(181)	(5 010)	(3 247)	(3 553)
<b>Cash/cash equivalents at the year end</b>	<b>156 617</b>	<b>27 837</b>	<b>184 454</b>	<b>169 935</b>	<b>158 201</b>
<b>Cash backing/surplus reconciliation</b>					
Cash and investments available	156 617	27 837	184 454	169 935	158 201
Application of cash and investments	132 572	(136 871)	(4 299)	(3 039)	(1 100)
<b>Balance - surplus (shortfall)</b>	<b>24 045</b>	<b>164 708</b>	<b>188 753</b>	<b>172 974</b>	<b>159 301</b>
<b>Asset Management</b>					
Asset register summary (WDV)	1 786 144	10 655	1 796 799	1 779 911	1 747 341
Depreciation & asset impairment	74 104	722	74 826	76 189	79 278
Renewal of Existing Assets	52 449	2 339	54 787	42 790	46 823
Repairs and Maintenance	17 704	827	18 531	17 773	18 652

Table B2 - Adjustments Budgeted Financial Performance (revenue and expenditure by standard classification)

WC015 Swartland - Table B2 Adjustments Budget Financial Performance (standard classification) -					
Standard Description	Budget Year 2013/14			Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands	A	G	H		
<b>Revenue - Standard</b>					
<b>Governance and administration</b>	<b>154 408</b>	<b>23 863</b>	<b>178 271</b>	<b>135 550</b>	<b>146 082</b>
Executive and council	59 866	23 863	83 729	30 405	26 903
Budget and treasury office	93 466	–	93 466	103 988	117 943
Corporate services	1 076	–	1 076	1 157	1 236
<b>Community and public safety</b>	<b>13 703</b>	<b>–</b>	<b>13 703</b>	<b>14 101</b>	<b>14 418</b>
Community and social services	6 137	–	6 137	6 384	6 542
Sport and recreation	2 742	–	2 742	2 878	3 021
Public safety	4 561	–	4 561	4 563	4 565
Housing	263	–	263	276	290
Health	–	–	–	–	–
<b>Economic and environmental services</b>	<b>7 711</b>	<b>–</b>	<b>7 711</b>	<b>7 911</b>	<b>8 304</b>
Planning and development	1 808	–	1 808	1 898	1 992
Road transport	5 903	–	5 903	6 013	6 312
Environmental protection	–	–	–	–	–
<b>Trading services</b>	<b>282 234</b>	<b>(1 900)</b>	<b>280 334</b>	<b>302 473</b>	<b>321 385</b>
Electricity	180 514	(1 718)	178 796	191 339	203 916
Water	37 367	(74)	37 294	39 729	42 296
Waste water management	37 620	(96)	37 524	43 124	44 699
Waste management	26 734	(13)	26 721	28 282	30 474
<b>Other</b>	<b>20</b>	<b>–</b>	<b>20</b>	<b>21</b>	<b>22</b>
<b>Total Revenue - Standard</b>	<b>458 075</b>	<b>21 963</b>	<b>480 038</b>	<b>460 056</b>	<b>490 211</b>
<b>Expenditure - Standard</b>					
<b>Governance and administration</b>	<b>93 111</b>	<b>11 202</b>	<b>104 314</b>	<b>91 320</b>	<b>106 218</b>
Executive and council	27 379	15 817	43 196	18 203	19 250
Budget and treasury office	40 868	(5 339)	35 529	47 130	59 693
Corporate services	24 865	724	25 589	25 987	27 275
<b>Community and public safety</b>	<b>49 661</b>	<b>832</b>	<b>50 492</b>	<b>53 301</b>	<b>57 087</b>
Community and social services	12 637	50	12 686	13 681	14 820
Sport and recreation	14 991	43	15 034	15 982	17 167
Public safety	20 701	729	21 430	22 189	23 536
Housing	1 332	10	1 342	1 449	1 563
Health	–	–	–	–	–
<b>Economic and environmental services</b>	<b>58 169</b>	<b>266</b>	<b>58 435</b>	<b>61 954</b>	<b>64 670</b>
Planning and development	8 452	1	8 453	10 785	10 921
Road transport	49 717	265	49 982	51 169	53 749
Environmental protection	–	–	–	–	–
<b>Trading services</b>	<b>268 205</b>	<b>2 003</b>	<b>270 208</b>	<b>286 143</b>	<b>308 035</b>
Electricity	161 662	336	161 998	173 853	186 931
Water	44 449	576	45 024	47 375	51 157
Waste water management	38 320	447	38 767	39 691	42 520
Waste management	23 774	644	24 418	25 224	27 427
<b>Other</b>	<b>962</b>	<b>(0)</b>	<b>962</b>	<b>992</b>	<b>1 055</b>
<b>Total Expenditure - Standard</b>	<b>470 108</b>	<b>14 302</b>	<b>484 411</b>	<b>493 710</b>	<b>537 065</b>
<b>Surplus/ (Deficit) for the year</b>	<b>(12 033)</b>	<b>7 660</b>	<b>(4 373)</b>	<b>(33 654)</b>	<b>(46 854)</b>



Table B3 - Adjustments Budgeted Financial Performance (revenue and expenditure by municipal vote)

WC015 Swartland - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)					
Vote Description  <i>[Insert departmental structure etc]</i>	Budget Year 2013/14			Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Total Adjusts.	Adjusted Budget	Adjusted	Adjusted
R thousands	A	9 G	10 H		
<b>Revenue by Vote</b>					
Vote 1 - Corporate Services	6 134	–	6 134	6 415	6 835
Vote 2 - Civil Services	103 222	(182)	103 040	112 531	118 921
Vote 3 - Council	59 866	23 807	83 673	30 405	26 903
Vote 4 - Electricity Services	180 514	(1 718)	178 796	191 339	203 916
Vote 5 - Financial Services	93 466	56	93 522	103 988	117 943
Vote 6 - Development Services	4 487	–	4 487	4 699	4 705
Vote 7 - Municipal Manager	–	–	–	–	–
Vote 8 - Protection Services	10 386	–	10 386	10 679	10 987
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–
<b>Total Revenue by Vote</b>	<b>458 075</b>	<b>21 963</b>	<b>480 038</b>	<b>460 056</b>	<b>490 211</b>
<b>Expenditure by Vote</b>					
Vote 1 - Corporate Services	17 860	483	18 344	19 352	20 817
Vote 2 - Civil Services	176 464	1 823	178 288	184 121	196 392
Vote 3 - Council	23 006	15 966	38 972	13 730	14 460
Vote 4 - Electricity Services	161 662	336	161 998	173 853	186 931
Vote 5 - Financial Services	40 868	(5 115)	35 752	47 130	59 693
Vote 6 - Development Services	13 124	88	13 212	15 872	16 429
Vote 7 - Municipal Manager	10 271	(148)	10 123	10 802	11 581
Vote 8 - Protection Services	26 853	869	27 722	28 850	30 762
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–
<b>Total Expenditure by Vote</b>	<b>470 108</b>	<b>14 302</b>	<b>484 411</b>	<b>493 710</b>	<b>537 065</b>
<b>Surplus/ (Deficit) for the year</b>	<b>(12 033)</b>	<b>7 660</b>	<b>(4 373)</b>	<b>(33 654)</b>	<b>(46 854)</b>

Table B4 - Adjustments Budgeted Financial Performance (revenue and expenditure)

WC015 Swartland - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -					
Description	Budget Year 2013/14			Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Revenue By Source</b>					
Property rates	69 020	0	69 020	73 368	78 183
Property rates - penalties & collection charges	–	–	–	–	–
Service charges - electricity revenue	178 645	(1 718)	176 927	189 213	201 498
Service charges - water revenue	33 265	(74)	33 191	35 113	36 974
Service charges - sanitation revenue	24 844	(96)	24 747	28 517	29 250
Service charges - refuse revenue	19 215	(13)	19 203	20 228	21 552
Service charges - other	–	–	–	–	–
Rental of facilities and equipment	3 088	–	3 088	3 252	3 414
Interest earned - external investments	10 820	–	10 820	9 894	8 900
Interest earned - outstanding debtors	1 276	–	1 276	1 340	1 407
Dividends received	–	–	–	–	–
Fines	4 039	–	4 039	4 041	4 042
Licences and permits	3 007	–	3 007	3 157	3 315
Agency services	2 539	–	2 539	2 666	2 799
Transfers recognised - operating	53 629	16 409	70 038	52 196	65 164
Other revenue	11 621	–	11 621	11 940	12 240
Gains on disposal of PPE	200	–	200	200	200
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>415 207</b>	<b>14 508</b>	<b>429 715</b>	<b>435 125</b>	<b>468 938</b>
<b>Expenditure By Type</b>					
Employee related costs	127 499	2 094	129 593	138 559	149 673
Remuneration of councillors	7 839	(312)	7 526	8 327	8 896
Debt impairment	10 748	–	10 748	12 113	14 491
Depreciation & asset impairment	74 104	722	74 826	76 189	79 278
Finance charges	15 096	–	15 096	14 633	14 287
Bulk purchases	150 625	–	150 625	163 105	176 627
Other materials	–	–	–	–	–
Contracted services	3 453	24	3 477	3 630	3 866
Transfers and grants	2 083	–	2 083	2 083	2 115
Other expenditure	73 397	15 251	88 648	69 545	82 029
Loss on disposal of PPE	5 263	(3 475)	1 788	5 527	5 803
<b>Total Expenditure</b>	<b>470 108</b>	<b>14 302</b>	<b>484 411</b>	<b>493 710</b>	<b>537 065</b>
<b>Surplus/(Deficit)</b>	<b>(54 901)</b>	<b>206</b>	<b>(54 695)</b>	<b>(58 585)</b>	<b>(68 127)</b>
Transfers recognised - capital	42 868	2 679	45 547	24 931	21 273
Contributions	–	4 775	4 775	–	–
Contributed assets	–	–	–	–	–
<b>Surplus/(Deficit) before taxation</b>	<b>(12 033)</b>	<b>7 660</b>	<b>(4 373)</b>	<b>(33 654)</b>	<b>(46 854)</b>
Taxation	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>	<b>(12 033)</b>	<b>7 660</b>	<b>(4 373)</b>	<b>(33 654)</b>	<b>(46 854)</b>
Attributable to minorities	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(12 033)</b>	<b>7 660</b>	<b>(4 373)</b>	<b>(33 654)</b>	<b>(46 854)</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>(12 033)</b>	<b>7 660</b>	<b>(4 373)</b>	<b>(33 654)</b>	<b>(46 854)</b>

Table B5 - Adjustments Budgeted Capital Expenditure by vote, standard classification and funding

WC015 Swartland - Table B5 Adjustments Capital Expenditure Budget by vote and funding -					
Description	Budget Year 2013/14			Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Capital expenditure - Vote</b>					
<b>Multi-year expenditure to be adjusted</b>					
Vote 1 - Corporate Services	–	–	–	–	–
Vote 2 - Civil Services	31 344	3 076	34 419	28 755	4 528
Vote 3 - Council	–	–	–	–	–
Vote 4 - Electricity Services	–	–	–	–	–
Vote 5 - Financial Services	–	1 445	1 445	–	–
Vote 6 - Development Services	–	–	–	–	–
Vote 7 - Municipal Manager	–	–	–	–	–
Vote 8 - Protection Services	–	–	–	–	–
<b>Capital multi-year expenditure sub-total</b>	<b>31 344</b>	<b>4 521</b>	<b>35 865</b>	<b>28 755</b>	<b>4 528</b>
<b>Single-year expenditure to be adjusted</b>					
Vote 1 - Corporate Services	428	–	428	68	64
Vote 2 - Civil Services	34 937	87	35 025	23 334	33 723
Vote 3 - Council	815	300	1 115	814	815
Vote 4 - Electricity Services	11 340	–	11 340	9 850	10 300
Vote 5 - Financial Services	1 244	468	1 712	1 090	782
Vote 6 - Development Services	3 148	2 574	5 723	168	170
Vote 7 - Municipal Manager	10	–	10	20	21
Vote 8 - Protection Services	213	100	313	728	2 108
<b>Capital single-year expenditure sub-total</b>	<b>52 136</b>	<b>3 530</b>	<b>55 666</b>	<b>36 073</b>	<b>47 983</b>
<b>Total Capital Expenditure - Vote</b>	<b>83 480</b>	<b>8 051</b>	<b>91 531</b>	<b>64 828</b>	<b>52 511</b>
<b>Capital Expenditure - Standard</b>					
<b>Governance and administration</b>	<b>2 094</b>	<b>2 337</b>	<b>4 431</b>	<b>1 951</b>	<b>1 645</b>
Executive and council	825	300	1 125	834	836
Budget and treasury office	29	1 837	1 866	30	32
Corporate services	1 240	200	1 440	1 086	778
<b>Community and public safety</b>	<b>4 739</b>	<b>2 779</b>	<b>7 519</b>	<b>1 626</b>	<b>3 385</b>
Community and social services	3 551	(3 000)	551	210	206
Sport and recreation	975	105	1 080	688	1 070
Public safety	213	100	313	728	2 108
Housing	–	5 574	5 574	–	–
Health	–	–	–	–	–
<b>Economic and environmental services</b>	<b>19 815</b>	<b>720</b>	<b>20 535</b>	<b>9 621</b>	<b>25 201</b>
Planning and development	109	–	109	114	120
Road transport	19 706	720	20 426	9 507	25 081
Environmental protection	–	–	–	–	–
<b>Trading services</b>	<b>56 831</b>	<b>2 215</b>	<b>59 046</b>	<b>51 630</b>	<b>22 279</b>
Electricity	11 340	–	11 340	9 850	10 300
Water	5 429	290	5 719	9 314	2 888
Waste water management	35 509	3 001	38 510	32 010	6 431
Waste management	4 553	(1 076)	3 478	456	2 660
<b>Other</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital Expenditure - Standard</b>	<b>83 480</b>	<b>8 051</b>	<b>91 531</b>	<b>64 828</b>	<b>52 511</b>
<b>Funded by:</b>					
National Government	22 395	–	22 395	24 931	21 273
Provincial Government	19 623	2 574	22 197	–	–
District Municipality	–	–	–	–	–
Other transfers and grants	850	105	955	–	–
<b>Total Capital transfers recognised</b>	<b>42 868</b>	<b>2 679</b>	<b>45 547</b>	<b>24 931</b>	<b>21 273</b>
<b>Public contributions &amp; donations</b>	<b>–</b>	<b>2 000</b>	<b>2 000</b>	<b>–</b>	<b>–</b>
<b>Borrowing</b>	<b>8 949</b>	<b>(8 949)</b>	<b>–</b>	<b>10 024</b>	<b>2 368</b>
<b>Internally generated funds</b>	<b>31 663</b>	<b>12 320</b>	<b>43 983</b>	<b>29 873</b>	<b>28 870</b>
<b>Total Capital Funding</b>	<b>83 480</b>	<b>8 051</b>	<b>91 531</b>	<b>64 828</b>	<b>52 511</b>

Table B6 - Adjustments Budgeted Financial Position

WC015 Swartland - Table B6 Adjustments Budget Financial Position -					
Description	Budget Year 2013/14			Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	500	183 954	184 454	169 935	158 201
Call investment deposits	156 117	(156 117)	-	-	-
Consumer debtors	49 611	4 712	54 324	56 324	58 324
Other debtors	6 835	(4 704)	2 132	2 132	2 132
Current portion of long-term receivables	24	-	24	24	24
Inventory	5 457	1 657	7 114	7 469	7 843
<b>Total current assets</b>	<b>218 544</b>	<b>29 503</b>	<b>248 047</b>	<b>235 883</b>	<b>226 523</b>
<b>Non current assets</b>					
Long-term receivables	640	(266)	374	350	327
Investments	-	-	-	-	-
Investment property	33 920	(1 790)	32 130	32 093	32 054
Investment in Associate	-	-	-	-	-
Property, plant and equipment	1 751 681	11 571	1 763 252	1 746 248	1 713 466
Agricultural	-	-	-	-	-
Biological	-	-	-	-	-
Intangible	542	107	649	821	1 091
Other non-current assets	-	767	767	749	730
<b>Total non current assets</b>	<b>1 786 784</b>	<b>10 388</b>	<b>1 797 173</b>	<b>1 780 261</b>	<b>1 747 668</b>
<b>TOTAL ASSETS</b>	<b>2 005 328</b>	<b>39 891</b>	<b>2 045 219</b>	<b>2 016 144</b>	<b>1 974 191</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Bank overdraft	-	-	-	-	-
Borrowing	3 752	-	3 752	4 094	4 518
Consumer deposits	7 212	-	7 212	7 717	8 258
Trade and other payables	51 525	(1 772)	49 753	53 119	56 721
Provisions	5 830	-	5 830	6 180	6 551
<b>Total current liabilities</b>	<b>68 319</b>	<b>(1 772)</b>	<b>66 548</b>	<b>71 110</b>	<b>76 047</b>
<b>Non current liabilities</b>					
Borrowing	137 883	(239)	137 644	133 551	129 033
Provisions	36 922	11 721	48 643	52 754	57 236
<b>Total non current liabilities</b>	<b>174 806</b>	<b>11 482</b>	<b>186 287</b>	<b>186 305</b>	<b>186 269</b>
<b>TOTAL LIABILITIES</b>	<b>243 125</b>	<b>9 710</b>	<b>252 835</b>	<b>257 415</b>	<b>262 315</b>
<b>NET ASSETS</b>	<b>1 762 203</b>	<b>30 181</b>	<b>1 792 384</b>	<b>1 758 730</b>	<b>1 711 875</b>
<b>COMMUNITY WEALTH/EQUITY</b>					
Accumulated Surplus/(Deficit)	1 660 078	131 884	1 791 962	1 758 308	1 711 453
Reserves	102 125	(101 703)	422	422	422
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 762 203</b>	<b>30 181</b>	<b>1 792 384</b>	<b>1 758 730</b>	<b>1 711 875</b>

Table B7 - Adjustments Budgeted Cash Flows

WC015 Swartland - Table B7 Adjustments Budget Cash Flows -					
Description	Budget Year 2013/14			Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Ratepayers and other	337 811	(3 604)	334 207	358 722	378 183
Government - operating	53 629	15 839	69 468	52 196	65 164
Government - capital	42 868	2 233	45 101	24 931	21 273
Interest	10 820	–	10 820	9 894	8 900
Dividends	–	–	–	–	–
<b>Payments</b>					
Suppliers and employees	(354 418)	(17 357)	(371 775)	(375 695)	(413 011)
Finance charges	(15 096)	–	(15 096)	(14 633)	(14 287)
Transfers and Grants	(2 083)	–	(2 083)	(2 083)	(2 115)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>73 530</b>	<b>(2 888)</b>	<b>70 641</b>	<b>53 333</b>	<b>44 107</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
<b>Receipts</b>					
Proceeds on disposal of PPE	200	–	200	200	200
Decrease (Increase) in non-current debtors	–	–	–	–	–
Decrease (increase) other non-current receivables	24	1	24	24	24
Decrease (increase) in non-current investments	–	–	–	–	–
<b>Payments</b>					
Capital assets	(83 480)	(8 051)	(91 531)	(64 828)	(52 511)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(83 256)</b>	<b>(8 050)</b>	<b>(91 306)</b>	<b>(64 604)</b>	<b>(52 287)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
<b>Receipts</b>					
Short term loans	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–
Increase (decrease) in consumer deposits	472	(156)	316	505	540
<b>Payments</b>					
Repayment of borrowing	(5 301)	(26)	(5 326)	(3 752)	(4 094)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(4 829)</b>	<b>(181)</b>	<b>(5 010)</b>	<b>(3 247)</b>	<b>(3 553)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(14 555)</b>	<b>(11 120)</b>	<b>(25 675)</b>	<b>(14 519)</b>	<b>(11 734)</b>
Cash/cash equivalents at the year begin:	171 172	38 957	210 129	184 454	169 935
Cash/cash equivalents at the year end:	156 617	27 837	184 454	169 935	158 201

Table B8 - Adjustments Cash backed reserves/accumulated surplus reconciliation

WC015 Swartland - Table B8 Cash backed reserves/accumulated surplus reconciliation -					
Description	Budget Year 2013/14			Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Cash and investments available</b>					
Cash/cash equivalents at the year end	156 617	27 837	184 454	169 935	158 201
Other current investments > 90 days	(0)	(0)	(0)	(0)	(0)
Non current assets - Investments	-	-	-	-	-
<b>Cash and investments available:</b>	<b>156 617</b>	<b>27 837</b>	<b>184 454</b>	<b>169 935</b>	<b>158 201</b>
<b>Applications of cash and investments</b>					
Unspent conditional transfers	3 438	(1 772)	1 667	1 667	1 667
Unspent borrowing	33 933	(33 933)	-	-	-
Statutory requirements	-	-	-	-	-
Other working capital requirements	(6 924)	537	(6 387)	(5 127)	(3 188)
Other provisions	-	-	-	-	-
Long term investments committed	-	-	-	-	-
Reserves to be backed by cash/investments	102 125	(101 703)	422	422	422
<b>Total Application of cash and investments:</b>	<b>132 572</b>	<b>(136 871)</b>	<b>(4 299)</b>	<b>(3 039)</b>	<b>(1 100)</b>
<b>Surplus(shortfall)</b>	<b>24 045</b>	<b>164 708</b>	<b>188 753</b>	<b>172 974</b>	<b>159 301</b>

The sharp increase in Surplus from the Original Budget to the Adjustments Budget could mainly be attributed to the CRR now being ring fenced in the accumulated surplus in line with the audited financial statements. The CRR is monitored on a continuous basis to ensure that it is cash-backed.

Table B9 - Adjustments Budget Asset Management

WC015 Swartland - Table B9 Asset Management -					
Description	Budget Year 2013/14			Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>CAPITAL EXPENDITURE</b>					
<b><u>Total New Assets to be adjusted</u></b>	<b>31 031</b>	<b>5 712</b>	<b>36 743</b>	<b>22 038</b>	<b>5 688</b>
Infrastructure - Road transport	11 864	1 307	13 171	8 089	250
Infrastructure - Electricity	5 000	—	5 000	5 220	3 200
Infrastructure - Water	2 621	2 695	5 315	6 194	—
Infrastructure - Sanitation	3 494	440	3 934	258	—
Infrastructure - Other	2 500	924	3 424	—	—
Infrastructure	25 478	5 366	30 844	19 760	3 450
Community	3 190	(3 140)	50	—	—
Heritage assets	—	—	—	—	—
Investment properties	—	1 132	1 132	—	—
Other assets	2 363	2 354	4 717	2 278	2 238
Agricultural Assets	—	—	—	—	—
Biological assets	—	—	—	—	—
Intangibles	—	—	—	—	—
<b><u>Total Renewal of Existing Assets to be adjusted</u></b>	<b>52 449</b>	<b>2 339</b>	<b>54 787</b>	<b>42 790</b>	<b>46 823</b>
Infrastructure - Road transport	7 650	750	8 400	1 200	22 023
Infrastructure - Electricity	5 200	—	5 200	4 000	6 000
Infrastructure - Water	2 750	—	2 750	2 760	2 832
Infrastructure - Sanitation	31 344	3 076	34 419	29 955	4 528
Infrastructure - Other	—	—	—	—	—
Infrastructure	46 944	3 826	50 769	37 915	35 383
Community	850	105	955	400	—
Heritage assets	—	—	—	—	—
Investment properties	—	—	—	—	—
Other assets	4 325	(1 592)	2 733	4 275	11 140
Agricultural Assets	—	—	—	—	—
Biological assets	—	—	—	—	—
Intangibles	330	—	330	200	300

<b>Total Capital Expenditure to be adjusted</b>					
<i>Infrastructure - Road transport</i>	19 514	2 057	21 571	9 289	22 273
<i>Infrastructure - Electricity</i>	10 200	–	10 200	9 220	9 200
<i>Infrastructure - Water</i>	5 371	2 695	8 065	8 954	2 832
<i>Infrastructure - Sanitation</i>	34 838	3 516	38 353	30 213	4 528
<i>Infrastructure - Other</i>	2 500	924	3 424	–	–
Infrastructure	72 422	9 192	81 614	57 675	38 833
Community	4 040	(3 035)	1 005	400	–
Heritage assets	–	–	–	–	–
Investment properties	–	1 132	1 132	–	–
Other assets	6 688	762	7 450	6 553	13 378
Agricultural Assets	–	–	–	–	–
Biological assets	–	–	–	–	–
Intangibles	330	–	330	200	300
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	<b>83 480</b>	<b>8 051</b>	<b>91 531</b>	<b>64 828</b>	<b>52 511</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>					
<i>Infrastructure - Road transport</i>	547 901	19 059	566 959	547 792	540 457
<i>Infrastructure - Electricity</i>	312 475	(5 817)	306 658	303 408	299 632
<i>Infrastructure - Water</i>	272 390	9 328	281 718	279 980	271 688
<i>Infrastructure - Sanitation</i>	391 538	(9 729)	381 809	401 498	395 076
<i>Infrastructure - Other</i>	9 494	(3 756)	5 738	3 527	1 227
Infrastructure	1 533 798	9 084	1 542 882	1 536 206	1 508 079
Community	50 190	(39 119)	11 071	8 271	4 940
Heritage assets	71	697	767	749	730
Investment properties	33 920	(1 790)	32 130	32 093	32 054
Other assets	167 623	41 676	209 299	201 772	200 446
Intangibles	542	107	649	821	1 091
Agricultural Assets	–	–	–	–	–
Biological assets	–	–	–	–	–
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>1 786 144</b>	<b>10 655</b>	<b>1 796 799</b>	<b>1 779 911</b>	<b>1 747 341</b>
<b>EXPENDITURE OTHER ITEMS</b>					
<b>Depreciation &amp; asset impairment</b>	74 104	722	74 826	76 189	79 278
<b>Repairs and Maintenance by asset class</b>	<b>17 704</b>	<b>827</b>	<b>18 531</b>	<b>17 773</b>	<b>18 652</b>
<i>Infrastructure - Road transport</i>	3 575	–	3 575	3 665	3 760
<i>Infrastructure - Electricity</i>	1 053	–	1 053	1 105	1 160
<i>Infrastructure - Water</i>	1 043	–	1 043	976	979
<i>Infrastructure - Sanitation</i>	1 269	–	1 269	1 332	1 399
<i>Infrastructure - Other</i>	3 496	386	3 882	3 735	3 989
Infrastructure	10 436	386	10 822	10 813	11 288
Community	794	17	811	834	875
Heritage assets	–	–	–	–	–
Investment properties	–	–	–	–	–
Other assets	6 474	425	6 899	6 126	6 489
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjus</b>	<b>91 808</b>	<b>1 549</b>	<b>93 357</b>	<b>93 962</b>	<b>97 929</b>
<b>% of capital exp on renewal of assets</b>	62.8%		59.9%	66.0%	89.2%
<b>Renewal of existing assets as % of deprechn</b>	70.8%		73.2%	56.2%	59.1%
<b>R&amp;M as a % of PPE</b>	1.0%		1.0%	1.0%	1.1%
<b>Renewal and R&amp;M as a % of PPE</b>	3.9%		4.1%	3.4%	3.7%



Table B10 - Adjustments Budget Basic service delivery measurement

WC015 Swartland - Table B10 Basic service delivery measurement -					
Description	Budget Year 2013/14			Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Household service targets</b>					
<b><u>Water:</u></b>					
Piped water inside dwelling	18852	–	19	19024	19024
Minimum Service Level and Above sub-total	19	–	19	19	19
Below Minimum Service Level sub-total	–	–	–	–	–
<b>Total number of households</b>	<b>19</b>	<b>–</b>	<b>19</b>	<b>19</b>	<b>19</b>
<b><u>Sanitation/sewerage:</u></b>					
Flush toilet (connected to sewerage)	16356	–	16 356	16528	16528
Flush toilet (with septic tank)	1397	–	1 397	1397	1397
Minimum Service Level and Above sub-total	17 753	–	17 753	17 925	17 925
Below Minimum Service Level sub-total	–	–	–	–	–
<b>Total number of households</b>	<b>17 753</b>	<b>–</b>	<b>17 753</b>	<b>17 925</b>	<b>17 925</b>
<b><u>Energy:</u></b>					
Electricity (at least min. service level)	5460	–	5 460	5480	5480
Electricity - prepaid (> min.service level)	8798	–	8 798	8950	8950
Minimum Service Level and Above sub-total	14 258	–	14 258	14 430	14 430
Electricity (< min.service level)	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–
Other energy sources	1758	–	1 758	1758	1758
Below Minimum Service Level sub-total	1 758	–	1 758	1 758	1 758
<b>Total number of households</b>	<b>16 016</b>	<b>–</b>	<b>16 016</b>	<b>16 188</b>	<b>16 188</b>
<b><u>Refuse:</u></b>					
Removed at least once a week (min.service)	18706	–	18 706	18878	18878
Minimum Service Level and Above sub-total	18 706	–	18 706	18 878	18 878
Removed less frequently than once a week	–	–	–	–	–
Below Minimum Service Level sub-total	–	–	–	–	–
<b>Total number of households</b>	<b>18 706</b>	<b>–</b>	<b>18 706</b>	<b>18 878</b>	<b>18 878</b>
<b><u>Households receiving Free Basic Service</u></b>					
Water (6 kilolitres per household per month)	5328	–	5 328	5500	5500
Sanitation (free minimum level service)	5151	–	5 151	5323	5323
Electricity/other energy (50kwh per household per month)	5009	–	5 009	5181	5181
Refuse (removed at least once a week)	5336	–	5 336	5508	5508
<b><u>Cost of Free Basic Services provided (R'000)</u></b>					
Water (6 kilolitres per household per month)	202	–	202	243	300
Sanitation (free sanitation service)	802	–	802	954	1 207
Electricity/other energy (50kwh per household per month)	216	–	216	251	307
Refuse (removed once a week)	481	–	481	523	595
<b>Total cost of FBS provided (minimum social p</b>	<b>1 701</b>	<b>–</b>	<b>1 701</b>	<b>1 970</b>	<b>2 408</b>
<b><u>Highest level of free service provided</u></b>					
Property rates (R'000 value threshold)	100000	–	100 000	100000	100000
Water (kilolitres per household per month)	10	–	10	10	10
Sanitation (kilolitres per household per month)	0	–	–	0	0
Sanitation (Rand per household per month)	145.72	–	146	168.3	198.51
Electricity (kw per household per month)	50	–	50	50	50
Refuse (average litres per week)	88.32	–	88	93.62	101.58
<b><u>Revenue cost of free services provided (R'000)</u></b>					
Property rates (R15 000 threshold rebate)	1 700	–	1 700	1 700	1 700
Property rates (other exemptions, reductions and	3 143	–	3 143	3 332	3 717
Water	2 424	–	2 424	2 913	3 594
Sanitation	9 629	–	9 629	11 442	14 480
Electricity/other energy	2 587	–	2 587	3 006	3 683
Refuse	5 771	–	5 771	6 278	7 140
<b>Total revenue cost of free services provided (to</b>	<b>25 253</b>	<b>–</b>	<b>25 253</b>	<b>28 672</b>	<b>34 315</b>

## **PART 2 - SUPPORTING DOCUMENTATION**

### **Section 5 - Measurable performance objectives and indicators**

Changes to measurable performance objectives and indicators are included in the supporting tables (SB3) attached. These indicators are part of the indicators contained in the Service Delivery and Budget Implementation Plan, which again forms the basis of the performance contracts of the Municipal Manager and Senior Management.

### **Section 6 - Budget related policies**

There are no changes to the budget related policies proposed in the adjustments budget.

### **Section 7 - Overview of budget assumptions**

#### **Budget Assumptions**

There are no changes to the budget assumptions proposed in the adjustments budget.

### **Section 8 - Funding compliance**

The adjustments budget is cash - funded which is the first indicator of a “credible” budget. Funding levels remain positive as clearly depicted in Table B8. However, the municipality must continuously evaluate its cash position since the trend is a decline for every year over the MTREF period.

### **Section 9 - Overview of budget funding**

#### **Funding the Budget**

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17.

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows as well as prior years' accumulated cash surpluses.

### **A Credible Budget**

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and on past performance and supported by documented evidence of future assumptions;
- Does not jeopardise the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

### **Fiscal Overview of Swartland Municipality**

Over the past financial years via sound and strong financial management, Swartland Municipality has moved internally to a position of relative financial stability. There is also a high level of compliance with the Municipal Finance Management Act and other legislation directly affecting financial management. This is evident from the "Clean audit" reports from the Auditor General's Office for the past few years.

#### Long term financial planning

The municipality's financial position is sound and this budget further ensures that it stays sound. Long-term borrowing is increasing, but the council also resolved to utilise accumulated cash surpluses for capital development.

The municipality plans to continue exercising strict financial management and ensuring a cash flow which meets the requirements. The municipality was,

over the past two years, an instrumental player in the development of a financial benchmarking tool for the Provincial Treasury, which effectively evaluates financial sustainability over the longer term and measures the municipality's financial position against its peers as well as predetermined benchmarks. This tool will be utilised when compiling the 2014/2015 Budget and the results will be incorporated into that MTREF.

The financial markets are already factoring in an increase in interest rates during the second half of the year, mainly as a result of the declining rand and the effect it will have on inflation, especially fuel prices and the effect of the increase in fuel prices on other consumer items. Apart from the immediate effect of fuel price adjustments it is not foreseen that the other items will have a significant effect on the rest of the current budget year.

Due to the fact that a large portion of capital expenditure from own sources be funded by way of own cash, the municipality must ensure that the principle of "the user pays for the use of the assets" be applied in its long - term financial strategy. It is for this reason that the municipality provides for cash - backed reserves, which consist of Employee Benefits provisions, the cost of replacing the existing valuation roll and contributions to the Capital Replacement Reserve with the idea being a contribution at least equal to the depreciation charges on those assets being used. The municipality is still investigating the reasons why there is such a huge difference in depreciation charges between different municipalities, with Swartland's depreciation chargers much higher than the average of its peers. This affects the level of the reserves as well as the budgeted surplus/deficit for the year. More detail will be incorporated into the 2014/2015 MTREF.

### **Sources of funding**

Interest earned from investments is applied to the income and expenditure account to help fund the operating budget. The following tables summarises the budgeted interest over the MTREF;

<b>R '000</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Investment Interest	10 820	9 894	8 900

### **Contributions and donations**

The Municipality can receive contributions from developers to provide infrastructure and other works as part of the conditions of agreeing planning permission.

## **Section 10 - Expenditure on allocations and grant programmes**

### **Grant allocations**

Details of each grant to be received and spent are shown in the schedules SB7 to SB9 attached to the report.

## **Section 11 - Allocations and grants made by the Municipality**

### **Allocations Made by the Municipality**

Refer to supporting schedule SB10 for allocations made. Total allocations are as follows:

<b>R '000</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
External Entities	2 083	2 083	2 115

Any allocation made to an outside body must comply with the requirements of section 67 of the MFMA. This stipulates that before transferring funds to an outside organisation the Municipal Manager, as Accounting Officer, must be satisfied that the organisation or body has the capacity to comply with the agreement and has adequate financial management and other systems in place.

National Treasury further indicated in MFMA circular 51 that “discretionary” funds should not be appropriated in the budget due to such funds not being transparent during the consultation process.

## **Section 12 - Councillor Allowances and employee benefits**

### **Salaries, Allowances and Benefits**

There are no changes proposed for Councillor Allowances, other than a correction made as a result of Ward Committee Allowances incorrectly included under Remuneration of Councillors.

Details of Councillor Allowances and employee benefits are included in supporting table SB11 attached.

## **Section 13 - Monthly targets for revenue, expenditure and cash flow**

### **Monthly Cash Flows by source**

Supporting tables SB 12 to SB 17 show the adjusted monthly cash flows.

## **Section 14 - Adjustments to the quarterly service delivery and budget implementation plans - internal departments**

Supporting table SB3 indicates the major adjustments.

## **Section 15 - Annual budgets and service delivery agreements - municipal entities and other external mechanisms**

### **ENTITIES**

The municipality does not have any entities.

### **Other Service Delivery Mechanisms**

The municipality has service delivery agreements with external parties for the delivery of the Municipality's services.

## **Section 16 - Contracts having future budgetary implications**

The municipality does not have any roll - over contracts with budget implications.

## **Section 17 - Capital expenditure details**

Capital expenditure details are listed in Supporting Table SB 18 to SB 19.

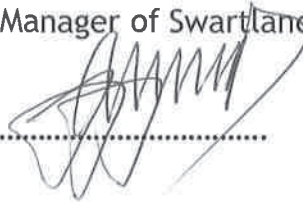
## Section 18 - Municipal Manager's quality certification

I, J Scholtz, Municipal Manager of Swartland Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustments budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

J Scholtz

Municipal Manager of Swartland Municipality (WC 015)

Signature .....



Date .....

31/01/2014